

Financial Services Authority

From Hector Sants
Chief Executive

Direct line: +44 (0) 207 066 4400
Local fax: +44 (0) 207 066 4401
Email: hector.sants@fsa.gov.uk



Mr Marcus Agius
Chairman
Barclays Group Plc
One Churchill Place
Canary Wharf
London
E14 5HP

15 September 2010

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THE APPLICATION FOR BOB DIAMOND TO PERFORM CONTROLLED FUNCTIONS 3, GROUP CHIEF EXECUTIVE OFFICER FOR BARCLAYS BANK PLC

As you are aware, we recently interviewed Bob Diamond as part of our review of your regulatory application to appoint him as Barclays Group CEO.

The purpose of our SIF regime is two-fold: firstly, to assess the suitability of an individual's competence to undertake a role; secondly, to ensure that an appropriately robust and rigorous appointment process is undertaken by the firm.

The FSA has approved the application; however an integral part of our approval process is to set out any appropriate issues we expect the Board to address in its ongoing governance and oversight of Bob Diamond in his role as Group CEO.

We of course acknowledge that some of the issues set out below have already been identified by the Board:

1. The FSA expects Bob Diamond to continue to develop a close, open and transparent relationship with his regulators both here in the UK and globally. It has already been identified that this will require an increased level of engagement from Bob Diamond and we have made our expectation known to him. As discussed, we would also expect Bob to be based in the U.K.
2. The succession plan announced in respect of Barclays Capital has Jerry Del Missier and Rich Ricci as Co-Chief Executives. We will want to seek ongoing assurance that this managerial structure remains effective. We will also require that there is appropriate clarity in oversight and responsibilities and that independent challenge is provided by Bob Diamond in his role as Group CEO.

3. As you would expect, we place considerable emphasis on the CEO setting the right culture, risk appetite and control framework across the entire organisation. It is essential that a prudent balance is struck, in delivering the group's financial and strategic objectives and desirable consumer outcomes; alongside consideration of broader reputational risks for the group.

4. You have identified Bob Diamond's relative lack of direct retail banking experience notwithstanding his role on both the Group Executive and Board. We appreciate the depth of other Executive Committee members relevant experience but will look to be satisfied that the required focus on the retail banking business and consumer outcomes is maintained by him.

Please feel free to contact me should you wish to discuss any of these points in greater detail.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H. Sants', written in a cursive style.

Hector Sants